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Natural
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AREI **UPDATES**

Updates on Agricultural Resources and Environmental Indicators Number 11 October 1996

Agricultural Real Estate Taxes

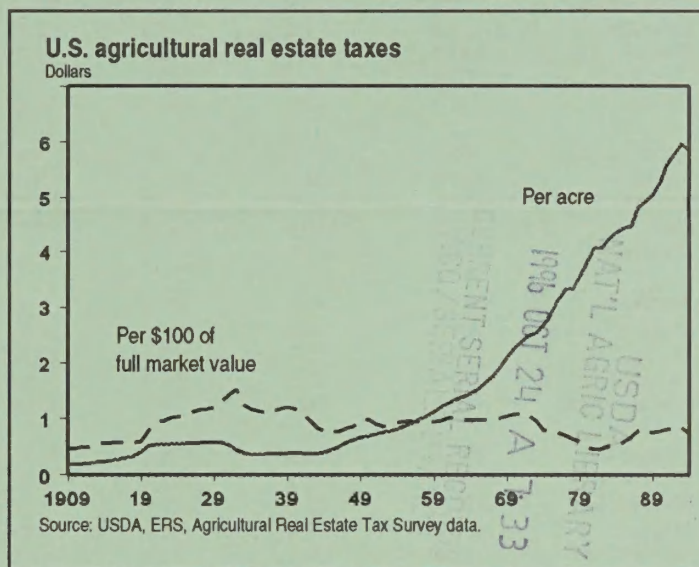
- Taxes levied on U.S. agricultural real estate (land and buildings) by State and local governments totaled \$4.9 billion in 1994, 2 percent less than in 1993.
- The U.S. average tax per acre was \$5.86, down from \$5.98 in 1993.
- The average tax per \$100 of full market value on U.S. agricultural real estate declined from \$0.85 in 1993 to \$0.75 in 1994.

USDA maintains a data series on agricultural real estate taxes, by State and the Nation, that dates from 1890 for taxes per acre and from 1909 for total taxes and taxes per \$100 of full market value. The data are obtained from a nationwide survey of approximately 4,200 taxing jurisdictions. (Alaska is excluded because of difficulties in determining the amount of privately owned taxable agricultural land in the State.) The most recent data, reported in this Update, are for 1994. The survey asks for data on taxes levied (tax bill) rather than taxes paid because of taxpayer challenges or delinquencies, both of which may take several years to resolve. Over time, taxes levied and taxes paid are about equal.

Compared with 1993, taxes per acre in 1994 were higher in 33 States, lower in 10, and unchanged in 6.

Taxes per \$100 of full market value were higher in 4 States, lower in 39, and unchanged in 6. Taxes varied widely among the States, ranging in 1994 from \$0.40 per acre in New Mexico to \$56.75 in Rhode Island. Taxes per \$100 of full market value ranged from \$0.08 in Delaware to \$2.00 in Wisconsin.

Total and per-acre taxes levied in Michigan declined by 51 percent, reflecting an extensive restructuring of that State's tax system. If, instead, Michigan agricultural real estate taxes had not changed (zero percent change), then U.S. total and per-acre taxes levied would have shown increases of more than 1 percent each.



Variations in State taxes result in part from (1) the degree that local governments rely on real estate taxes, rather than other taxes or fees, as a source of local revenue; and (2) the extent that States provide tax relief, such as preferential land-use assessment, homestead and old age exemptions, and veterans' preferences.

All States have laws on preferential (or deferred) land use assessment of farmland. These laws provide that farmland devoted to farming be assessed on the basis of its use as farmland and not on its market value. Not unexpectedly, these laws vary on their acreage requirements, minimum number of years in farming, percentage of gross annual income the landowner receives from the land, penalties for converting the land to a nonfarming use, and so forth.

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About AREI UPDATES

AREI UPDATES is a periodic series that supplements and updates information in **Agricultural Resources and Environmental Indicators (AREI)**, USDA, ERS, AH-705, Dec. 1994. UPDATES report recent data from surveys of farm operators and others knowledgeable about changing agricultural resource use and conditions, with only minimal interpretation or analysis. Please contact the individual listed at the end of the text for additional information about the data in this UPDATE. If you would like to be added to the mailing list or have other questions about AREI UPDATES or AREI, contact Richard Magleby, (202) 219-0436. [rmagleby@econ.ag.gov]

Taxes levied on agricultural real estate, by State, 1992-94

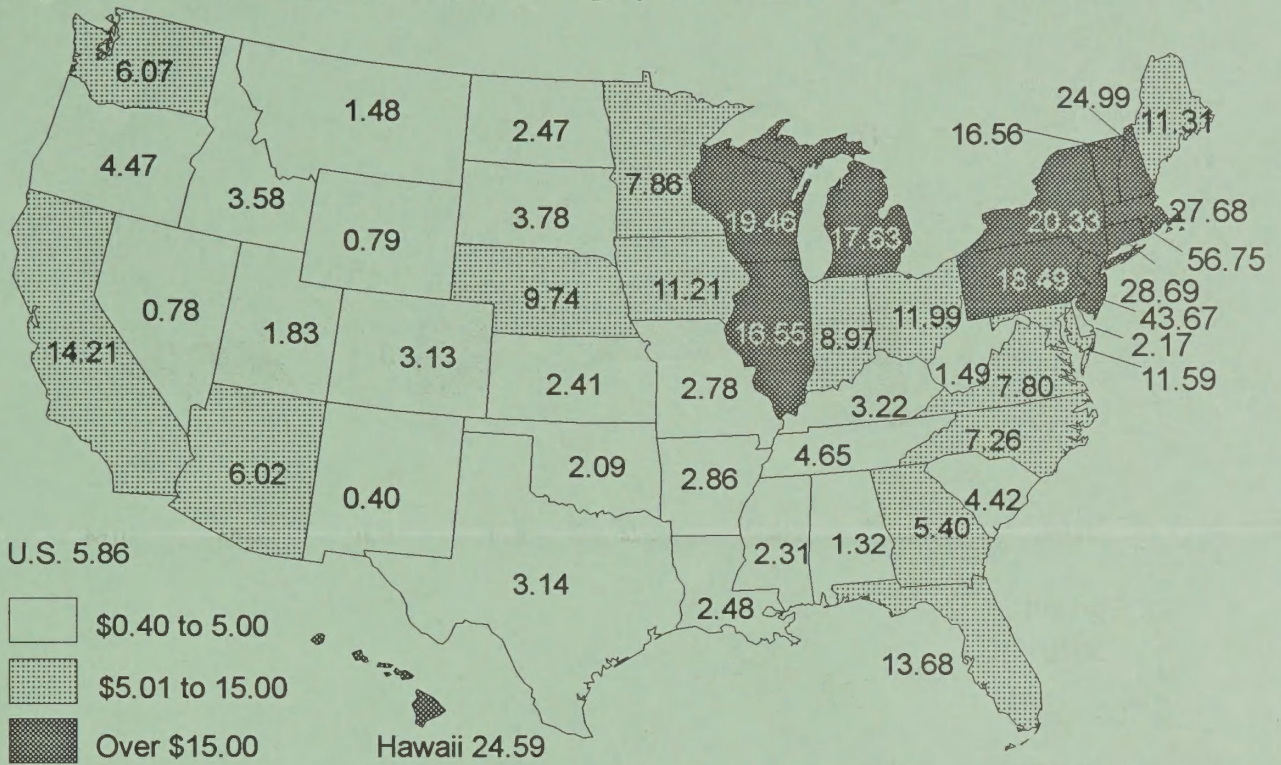
| State | Total taxes | | | Average tax per acre | | | Taxes per \$100 of full market value | | |
|----------------------------|-----------------|---------|---------|----------------------|-------|-------|--------------------------------------|------|------|
| | 1992 | 1993 | 1994 | 1992 | 1993 | 1994 | 1992 | 1993 | 1994 |
| | Million dollars | | | Dollars | | | Dollars | | |
| Alabama | 10.9 | 11.1 | 11.4 | 1.32 | 1.32 | 1.32 | 0.16 | 0.15 | 0.14 |
| Arizona | 49.2 | 50.7 | 50.5 | 5.85 | 6.02 | 6.02 | 1.94 | 1.97 | 1.92 |
| Arkansas | 38.0 | 38.6 | 38.5 | 2.76 | 2.83 | 2.86 | 0.38 | 0.37 | 0.36 |
| California | 314.1 | 338.7 | 344.4 | 12.87 | 13.93 | 14.21 | 0.73 | 0.81 | 0.83 |
| Colorado | 81.2 | 83.2 | 89.5 | 2.83 | 2.90 | 3.13 | 0.77 | 0.76 | 0.73 |
| Connecticut | 10.0 | 9.9 | 9.9 | 27.46 | 27.85 | 28.69 | 0.68 | 0.65 | 0.61 |
| Delaware | 1.2 | 1.2 | 1.2 | 2.17 | 2.24 | 2.17 | 0.10 | 0.09 | 0.08 |
| Florida | 143.8 | 140.7 | 130.8 | 14.75 | 14.71 | 13.68 | 0.72 | 0.71 | 0.62 |
| Georgia | 53.4 | 52.4 | 53.5 | 5.39 | 5.29 | 5.40 | 0.60 | 0.55 | 0.55 |
| Hawaii | 42.3 | 42.9 | 41.6 | 24.92 | 25.33 | 24.59 | 0.69 | 0.74 | 0.75 |
| Idaho | 40.4 | 39.8 | 39.7 | 3.64 | 3.58 | 3.58 | 0.53 | 0.52 | 0.46 |
| Illinois | 428.6 | 431.2 | 465.7 | 15.18 | 15.32 | 16.55 | 1.01 | 1.02 | 1.01 |
| Indiana | 131.0 | 138.6 | 142.8 | 8.23 | 8.71 | 8.97 | 0.63 | 0.64 | 0.61 |
| Iowa | 350.2 | 358.9 | 350.6 | 11.13 | 11.44 | 11.21 | 0.95 | 0.92 | 0.85 |
| Kansas | 102.7 | 107.1 | 111.5 | 2.22 | 2.32 | 2.41 | 0.46 | 0.47 | 0.45 |
| Kentucky | 41.6 | 43.6 | 44.0 | 3.04 | 3.19 | 3.22 | 0.31 | 0.29 | 0.28 |
| Louisiana | 19.4 | 18.2 | 17.8 | 2.61 | 2.48 | 2.48 | 0.29 | 0.26 | 0.26 |
| Maine | 13.5 | 13.7 | 13.9 | 10.37 | 10.77 | 11.31 | 1.11 | 1.09 | 1.05 |
| Maryland | 22.7 | 23.8 | 24.7 | 10.64 | 11.14 | 11.59 | 0.47 | 0.44 | 0.40 |
| Massachusetts | 15.3 | 14.7 | 14.9 | 26.31 | 26.87 | 27.68 | 0.77 | 0.73 | 0.69 |
| Michigan ¹ | 359.5 | 359.4 | 176.1 | 35.65 | 35.97 | 17.63 | 3.23 | 3.18 | 1.45 |
| Minnesota | 196.1 | 198.2 | 206.2 | 7.45 | 7.56 | 7.86 | 0.85 | 0.84 | 0.87 |
| Mississippi | 22.7 | 22.3 | 22.5 | 2.33 | 2.29 | 2.31 | 0.32 | 0.30 | 0.28 |
| Missouri | 75.9 | 78.4 | 79.7 | 2.63 | 2.73 | 2.78 | 0.38 | 0.38 | 0.37 |
| Montana | 80.5 | 86.1 | 71.4 | 1.66 | 1.78 | 1.48 | 0.66 | 0.66 | 0.49 |
| Nebraska | 352.8 | 398.0 | 426.0 | 8.06 | 9.10 | 9.74 | 1.42 | 1.57 | 1.53 |
| Nevada | 4.1 | 4.1 | 4.1 | 0.78 | 0.76 | 0.78 | 0.34 | 0.36 | 0.34 |
| New Hampshire | 8.3 | 9.2 | 9.6 | 21.18 | 23.80 | 24.99 | 1.04 | 1.09 | 1.05 |
| New Jersey | 35.0 | 36.0 | 36.6 | 40.83 | 42.40 | 43.67 | 0.86 | 0.93 | 0.90 |
| New Mexico | 12.5 | 12.5 | 12.2 | 0.41 | 0.41 | 0.40 | 0.17 | 0.18 | 0.17 |
| New York | 165.4 | 160.3 | 156.3 | 20.98 | 20.33 | 20.33 | 2.00 | 1.82 | 1.63 |
| North Carolina | 58.5 | 59.8 | 60.3 | 6.90 | 7.12 | 7.26 | 0.55 | 0.54 | 0.54 |
| North Dakota | 87.0 | 90.2 | 92.1 | 2.33 | 2.42 | 2.47 | 0.65 | 0.62 | 0.60 |
| Ohio | 155.9 | 167.0 | 175.4 | 10.52 | 11.42 | 11.99 | 0.84 | 0.90 | 0.87 |
| Oklahoma | 63.6 | 64.6 | 65.1 | 2.04 | 2.07 | 2.09 | 0.41 | 0.41 | 0.39 |
| Oregon | 86.2 | 77.8 | 70.7 | 5.45 | 4.91 | 4.47 | 0.90 | 0.75 | 0.60 |
| Pennsylvania | 131.8 | 132.8 | 133.7 | 17.79 | 18.13 | 18.49 | 0.98 | 1.04 | 0.97 |
| Rhode Island | 2.9 | 3.0 | 2.9 | 54.38 | 58.51 | 56.75 | 1.18 | 1.20 | 1.06 |
| South Carolina | 19.5 | 19.8 | 20.2 | 4.23 | 4.33 | 4.42 | 0.45 | 0.50 | 0.48 |
| South Dakota | 133.4 | 152.0 | 139.9 | 3.61 | 4.11 | 3.78 | 0.99 | 1.11 | 0.98 |
| Tennessee | 52.3 | 53.2 | 52.7 | 4.50 | 4.65 | 4.65 | 0.46 | 0.44 | 0.44 |
| Texas | 367.5 | 379.3 | 391.4 | 2.93 | 3.02 | 3.14 | 0.63 | 0.64 | 0.64 |
| Utah | 11.7 | 12.1 | 12.6 | 1.66 | 1.74 | 1.83 | 0.39 | 0.38 | 0.36 |
| Vermont | 20.8 | 21.3 | 21.9 | 14.98 | 15.77 | 16.56 | 1.38 | 1.36 | 1.31 |
| Virginia | 59.0 | 61.7 | 63.5 | 7.15 | 7.57 | 7.80 | 0.52 | 0.58 | 0.58 |
| Washington | 72.3 | 74.2 | 77.0 | 5.63 | 5.78 | 6.07 | 0.71 | 0.74 | 0.68 |
| West Virginia | 4.6 | 4.5 | 5.0 | 1.37 | 1.34 | 1.49 | 0.19 | 0.19 | 0.21 |
| Wisconsin | 302.2 | 308.2 | 307.6 | 18.68 | 19.27 | 19.46 | 2.15 | 2.07 | 2.00 |
| Wyoming | 17.5 | 18.5 | 18.6 | 0.74 | 0.78 | 0.79 | 0.54 | 0.52 | 0.47 |
| United States ² | 4,869.2 | 5,023.3 | 4,908.6 | 5.78 | 5.98 | 5.86 | 0.84 | 0.85 | 0.75 |

¹Major statewide tax restructuring between 1993-94.

²Excludes Alaska.

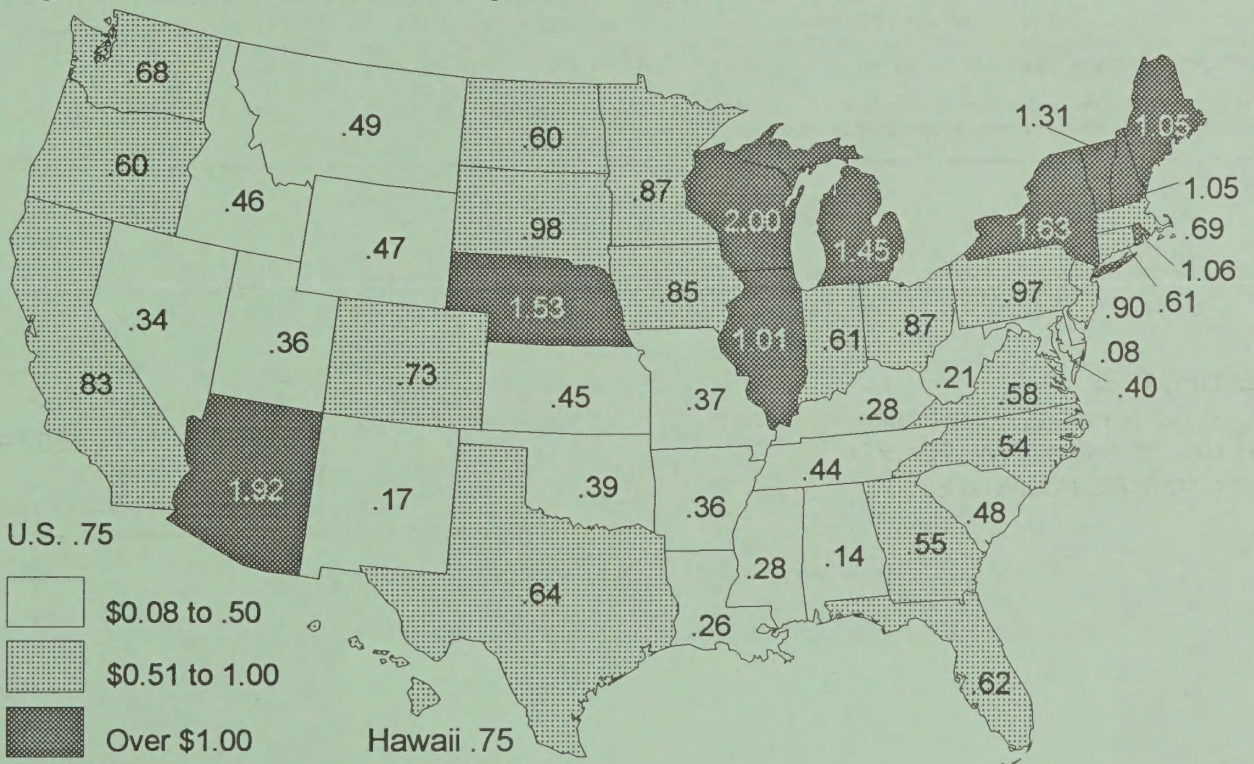
Source: USDA, ERS, Agricultural Real Estate Tax Survey data.

Agricultural real estate taxes, average per acre, 1994



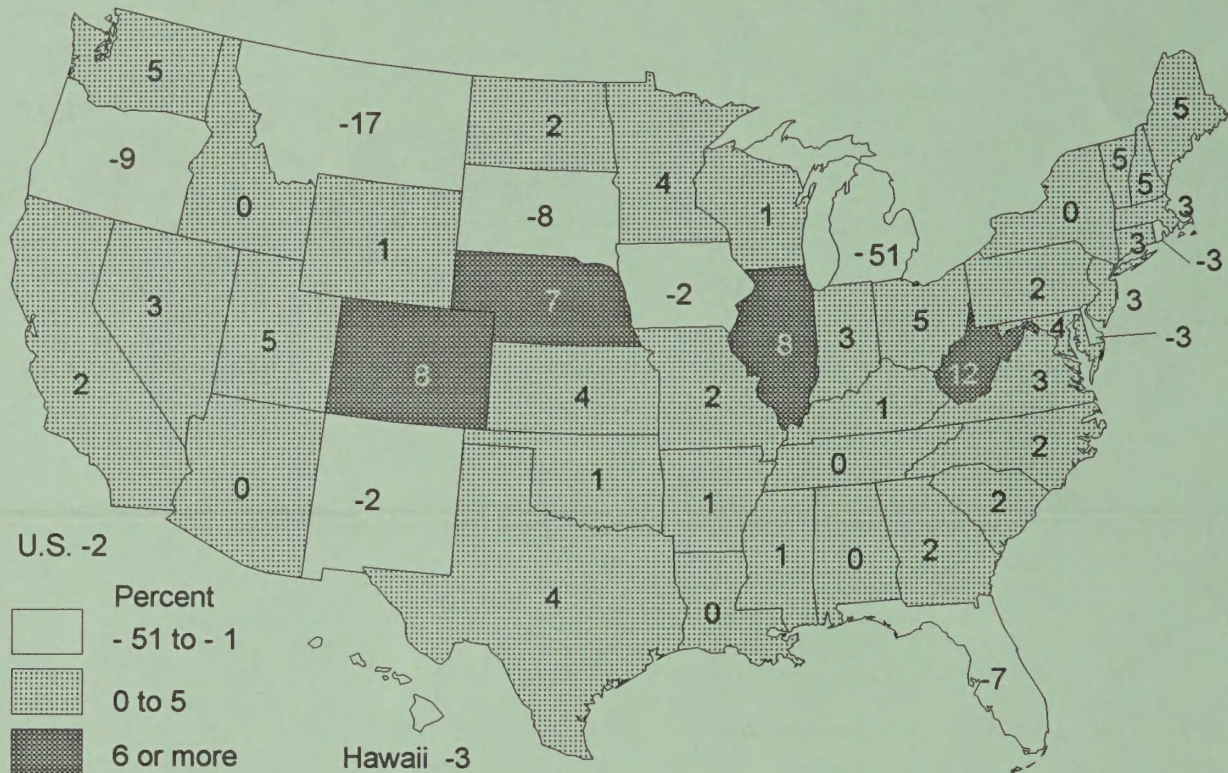
Source: USDA, ERS, Agricultural Real Estate Tax Survey data.

Agricultural real estate taxes per \$100 of full market value, 1994



Source: USDA, ERS, Agricultural Real Estate Tax Survey data.

Percent change in agricultural real estate tax per acre, 1993 to 1994



Source: USDA, ERS, Agricultural Real Estate Tax Survey data.

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